

# Pinnacle Bancorp, Inc.

A Family of Independent Banks

April 13, 2004

Ms. Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20" Street and Constitution Ave., NW  
Washington, DC 20551  
ATTN: Docket No. R-1173

Dear Ms. Johnson:

We are submitting the following responses to address your questions regarding amendment of the Gramm-Leach-Bliley Act (GLBA) privacy rules to provide for privacy notices that are more understandable and useful to consumers.

What should be the goals of a privacy notice? What goals are most important?

*Comment: Providing a customer with the ability to understand the financial institution's policy in regard to sharing their nonpublic personal information and giving them the ability to opt out if they do not want their information shared. This notice should be short, clear and concise.*

Should the Agencies pursue the development of a short notice to achieve these goals?

*Comment: Yes*

Are there any special issues for the Agencies to consider in developing a short privacy notice that may arise from potential differences between federal and state law requirements?

*Comment: No, the Agencies should develop a standardized notice, which should be forwarded to each state's department of banking for amendment for inclusion of state law. Then the standardized form can be presented to the financial institutions.*

In what ways should a privacy notice be useful to a consumer? Please identify those ways that are the most or least important.

*Comment:*

- b. To provide sufficient information to make an informed decision about whether to opt out.*
- c. To highlight the consumer's right to opt out.*
- d. To provide convenient mechanisms for the consumer to opt out.*
- e. To provide a mechanism for the consumer to opt out in the same medium used to provide the privacy notice.*
- a. To permit ready comparisons about different institution's privacy policies.*

What are the key elements of a privacy that a short notice should contain?

*Comments: Those key elements as shown in Appendix B.*

Are these key elements the same from the perspective of institutions and consumers? If not, explain the differences and why.

*Comments: Yes*

Is there an optimal number of elements (beyond which would be too many) to include in a short notice?

*Comments: The key elements shown in Appendix B are adequate.*

Should a short privacy notice contain, at a minimum, all of the relevant elements listed in the GLB Act and the privacy rule? If not, should it include a statement advising the consumer that an institution's complete privacy policy will be provided upon request?

*Comments: The short privacy notice should contain all of the relevant elements as shown in Appendix B. It should be short, clear and concise. If a bank wants to offer a more in-depth description of their sharing arrangements, that should be allowed.*

Should certain elements, such as a description of a consumer's opt-out rights (if applicable), be given prominence or be presented in a certain order?

*Comments: Yes, if applicable. For those banks that do not share customer nonpublic personal information, opt-out verbiage and the opt out form should be eliminated so as not to confuse the customer.*

Should statements describing information sharing practices not subject to a consumer's right to opt-out, such as whether a financial institution discloses information to nonaffiliated financial institutions under joint marketing agreements for financial products or services, be highlighted in the short notices?

*Comments: No*

Are there particular "privacy" terms or words that consumers readily understand that should be included in the short notice? Should any terms or language currently used in notices be avoided?

*Comments: Highly technical and acronyms should be avoided.*

Should a financial institution be required to use standardized clauses in a short notice?

*Comments: Yes, but also given the ability to tweak the clause if it does not accurately reflect the bank's true actions.*

Rather than using standardized language, should a financial institution be permitted to develop its own language in a short notice so long as the short notice incorporates specified items of information?

*Comments: Yes, but it should be limited in length.*

Should the Agencies develop a standardized graphic design for a short notice that a financial institution would use?

*Comments: No, the format can be standardized but financial institutions should be allowed to brand the notice with their logo and colors so that they are readily recognized by the consumer.*

Based on experiences with the current privacy notices or tests that have been conducted in this area, what alternative forms of notice are likely to be useful to consumers and/or to financial institutions?

*Comments: Do not have any input.*

Is there a suggested length for a short privacy notice? Is there a suggested length for phrases or sentences within a short notice?

*Comments: Limit to one page. Clear and concise sentences as shown in Appendix B*

Are there suggestions for overall design of the notice, including layout, use of color, graphic devices, font(s), and size(s) of text in the notice?

*Comments: The overall layout can be the standardized but the bank should be allowed to brand the notices using their own logo, color etc. so that the customer can easily identify with the financial institution sending them the notice. The print size and font used in Appendix B are acceptable.*

If a financial institution does not disclose information to third parties that would be subject to a consumer's right to opt out (under either the FCRA or the GLB Act), what form should the privacy notice take?

*Comments: Appendix B without opt-out verbiage and without an attached opt-out form.*

Should an institution be allowed to modify its short privacy notice to include elements that may be required under state laws? If so, then how can a short notice be designed to include those elements?

*Comments: A standard form should be developed by the Agencies but each state's banking department should add the necessary state laws so that consistency is maintained.*

Should use of a short notice be mandatory for all financial institutions?

*Comments: Yes*

Should use of a standardized language and/or format for a short form be mandatory for all financial institutions? Or should each institution be permitted to create its own short notice following agency guidelines?

*Comments: A basic format and standardized language should be provided with the ability for a financial institution to tweak the standardized language to further explain limitations of the shared information. Such as in Appendix B (2) We share identifying information [with credit bureaus], such as your name and address, or information about our transactions or experiences with you, such as payment history with us.*

If a short notice is standardized, should only part(s) of the notice be mandatory, and, if so, what part(s)? Or should all of a standardized short notice be mandatory?

*Comments: All, based on Appendix B.*

If use of standardized part(s), such as standardized clauses, is not required, should the Agencies create a safe harbor from administrative enforcement for financial institutions that use the standardized parts in their notices (or a whole, standardized notice)?

*Comments: Yes, if it accurately reflects the financial institutions actions in regard to sharing customer nonpublic personal information.*

Should an institution be required or permitted to deliver both a short notice and a long notice?

*Comments: Permitted, Yes. Required, No.*

Financial institutions that generally do not share information with third parties--such as those that do not have any affiliates and do not share information in a manner that is subject to a consumer's right to opt out under the FCRA or the GLB Act and do not engage in joint marketing agreements—currently may have abbreviated and simple notices. If a short notice is mandated, should the Agencies make an exception to allow these institutions to continue to use the simple, abbreviated notices they currently use? Alternatively, should the Agencies prescribe a special short notice for these institutions to use?

*Comments: A basic format and standardized language should be provided with the ability for a financial institution to tweak the standardized language to further explain limitations of the shared information or other actions. I would think the use of Appendix B without the opt-out language and form would be usable.*

Some financial institutions offer consumers choices to opt out of information sharing arrangements that are not mandatory by either FCRA or the GLB Act. If a short notice is mandated, should the Agencies allow these institutions to include in the short notice information about these additional choices to opt out?

*Comments: Yes*

Should the Agencies allow financial institutions to include other information that relates to their privacy policies and practices in their short notices? For instance, should a financial institution that shares information with affiliates for marketing purposes only if a customer opts in to the sharing be permitted to include this information in a short notice?

*Comments: Yes, we think the standardized form should have an area for other information, but it should be kept clear and concise.*

With respect to consumers or financial institutions, or both:

1. What are the costs and benefits of providing a short notice and how do they compare with the requirements under the current privacy rule?

*Comments: A short notice should cost less to produce, should cut down on customer questions and should be easier for the customer to understand and use as a comparison to other financial institution's privacy policies.*

2. How, if at all, do the costs and benefits of a short notice depend on:

- a. Whether the notice is mandatory or permissible?

*Comments: If a short notice is not mandatory, then there is a possibility that the customer may still receive lengthy, confusing, incomparable information.*

- b. Whether the format of the notice is standardized?

*Comments: If the format is not standardized, then there is a possibility that the customer may still receive lengthy, confusing, incomparable information.*

- c. On whether the language is standardized?

*Comments: If language is not standardized, then there is a possibility that the customer may still receive lengthy, confusing, incomparable information. However, a financial institution should be allowed to tweak the standardized language to further describe limitations of sharing customer information if needed etc.*

- d. Whether the use of a short notice requires financial institutions to make supplemental privacy information available upon request?

*Comments: If the short notice contains all of the financial institution's required elements, then requiring a supplemental privacy notice would add to the cost for the institution.*

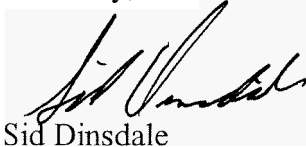
*Comments: The requirement of sending an annual privacy policy notice to every customer of a bank that does not share customer nonpublic personal information places an unnecessary burden of time and money on these banks. As well as seems unnecessary in attaining the essence of this regulation. We feel that only if the bank's policy should change from "not sharing customer nonpublic personal information" would another blanket mailing of their privacy policy notice be needed. At account opening a customer receives a copy of the bank's privacy policy notice, which should state that it will remain in effect unless they are subsequently notified "x" number of days/months prior to the change in order to provide the customer the ability to opt out.*

#### Additional Information

*Comments: Any notice that contains the necessary elements, is concise and clear, and user friendly for the consumer, should be acceptable*

Thank you for allowing us input in regard to the proposed amendment of the Gramm-Leach-Bliley Act privacy rules.

Sincerely,

A handwritten signature in black ink, appearing to read "Sid Dinsdale", is placed over a light gray rectangular background.

Sid Dinsdale

President

Pinnacle Bancosp, Inc.